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A psychological game with interdependent preference types

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Abstract

Suppose you are invited to a party, movie, dinner, etc not because your company is desired but because the inviter would feel guilty if she did not invite you. Interestingly, this social interaction is, under certain conditions a game with interdependent preferences types combined with either (i) a psychological game, or (ii) a standard Bayesian game. I find a complex social interaction in this game. In particular, there exists a unique equilibrium in which a player may stick to a strategy of accepting every invitation with the goal of discouraging insincere invitations. This may lead one to erroneously infer that this player is eagerly waiting for an invitation, when indeed his behavior is driven more by strategic considerations than by an excessive desire for social acceptance.

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